

DEPARTMENT OF ENERGY (DOE) OFFICE OF SCIENCE (SC) ARGONNE SITE
OFFICE (ASO) STANDARD OPERATING PROCEDURE (SOP)-22A: **DEVELOPMENT
OF PERFORMANCE MEASURES AND SYSTEM ASSESSMENT MEASURES**

A. OBJECTIVE

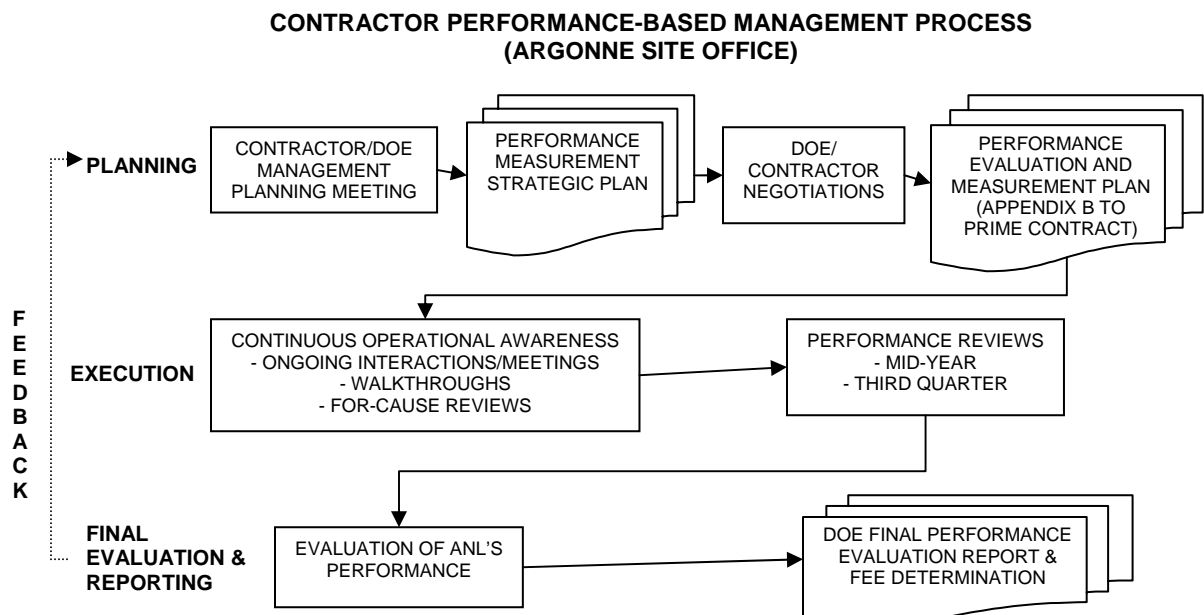
This SOP outlines a systematic method of developing annual performance measures and system assessment measures for the Annual Performance Evaluation and Measurement Plan (Appendix B to the Prime Contract). The performance objectives, measures, and expectations contained in the plan are intended to:

- a) Enhance Argonne National Laboratory's (ANL's) ability to accomplish its mission for the DOE;
- b) Drive cost-effective performance improvements, focusing on efficient system performance while maintaining appropriate internal controls;
- c) When possible, allow for meaningful trend and rate of change analysis; and encourage benchmarking initiatives as a means of incorporating industry business standard, and "best practices" that are meaningful, appropriate and consistent with DOE requirements and deemed to reflect overall successful operations.

The Performance Evaluation and Measurement Plan is the means for communicating objectives, measures and expectations as well as incentives, self-assessment criteria, and methodology to the University of Chicago (U of C) for the management and operation of ANL.

B. SCOPE

This procedure applies to the planning phase of the performance-based management system as shown below.



C. REFERENCE

- a) CH 0 224.1, Contractor Performance-Based Business Management Process dated 4/19/02
- b) Contract W-31-109-ENG-38 between the U.S. Department of Energy and the University of Chicago for the operation of Argonne National Laboratory

D. RESPONSIBILITIES

The ASO process for implementing the contractor performance-based management process is owned by the ASO Manager. As outlined in the Performance Measurement Strategic Plan (see E.3. below), the ASO Manager relies on the input from Subject Matter Experts (SME's) in development of the following elements:

Functional Area: Topical areas (such as infrastructure management, procurement, finance, etc) selected for measurement either as a performance measure or a system assessment measure.

Performance Measures – Functional areas that are tied directly to fee. In the ANL contract, these include the Science and Technology, Contractor Management and Critical Operations Performance Measures.

System Assessment Measures – Functional areas that are not tied directly to fee. For the ANL contract, these are the General Operations performance areas.

Compliance Items – The applicable DOE and Federal regulations and policies that govern on-site activities.

Operational Awareness Methods – The day-to-day oversight activities and on-site activities that maintain awareness and ensure operations, work processes, work planning, and in-process controls are in compliance with requirements.

Assessment Scope – Specific sub-elements/activities of a functional area that will be assessed along with the associated methodology and extent (breadth and depth). This ensures that the Annual Assessment will be more informative, useful and complete at year-end.

Reporting Requirements – The format, content, and frequency of interim functional area reports as well as the mid-year and end-of-year and laboratory assessment reports.

E. PROCEDURES:

For the upcoming fiscal year, the following process is to be followed:

1. During the first quarter of the current fiscal year, guidance and direction is received from the various headquarters program offices (SC, NE, DP, etc) consistent with the goals and objectives outlined in the Department's Strategic

Plan. This guidance and direction is provided to the Chicago Office and ASO Site Office Managers.

2. During the second or third quarter of the current fiscal year, the ASO Manager will coordinate and conduct an annual Contractor/DOE Management Planning Meeting for the purpose of developing high level objectives and measures and determining where the laboratory needs to be in the next three to five years. Participants shall include SC program and staff offices, other Headquarters (HQ) program and staff offices, and the laboratory contractor.
3. Outcomes from this meeting will be captured in a Performance Measurement Strategic Plan for the upcoming fiscal year. This paper includes a list of selected Subject Matter Experts, a schedule for the development of Appendix B to the prime contract, and areas of emphasis for measurement during the upcoming fiscal year. Any direction and/or guidance from the Chicago Operations Office Executive Committee (CEC) and HQ Program Offices will be considered in the Strategic Plan.
4. The ASO manager will assign the lead role for each functional area to a Subject Matter Expert who will serve as "Functional Area Lead." Functional Area Leads could reside either within ASO or throughout the CH organization. Subject Matter Experts will be provided a copy of the ASO Strategic Plan to assist in their development of objectives, measures, and expectations for their respective functional area. Concurrently, the ASO Manager will notify ANL that the measurement and system assessment development process has begun. This notification will include a request for ANL support and identification of the ANL Subject Matter Expert or point of contact.
5. Consistent with the Strategic Plan, the Subject Matter Expert will develop objectives, measures, and expectations for their respective functional area. Key assumptions associated with the measures should be defined, and detailed instructions for the evaluation should be documented. Subject Matter Experts are encouraged to maintain ongoing discussions with their ANL counterparts as well as utilize the assistance of CH matrix staff during the development of the measures. The following areas should be considered during development of measures:
 - a. Previous performance in the functional area
 - b. Overall importance of the area to ANL accomplishing its mission
 - c. The level of risk to accomplishment of DOE mission associated with the functional area
 - d. New DOE initiatives
 - e. Continuous improvement
 - f. Compliance with the prime contract, laws, or other DOE, Federal, and State requirements
 - g. Industry standards, best practices, or other standards of performance that are appropriate and meaningful
 - h. Benchmarking results
 - i. Method for measuring each expectation
 - j. Audits, reviews and inspection results

- k. Results of operational awareness activities
 - l. ANL self-assessment results
 - m. Science and Technology measures issued by SC
 - n. Key assumptions that describe constraints or may limit the scope of the objective, measure, and expectation or describe how it will be measured.
6. For each performance measure or system assessment area, Subject Matter Experts will develop the following:
- Objective: Statements of desired outcome for an organization or activity.
Measure: A quantitative or qualitative characterization of performance.
Expectation: The desired condition/target level of performance for each measure.
7. Subject Matter Experts will submit a draft version of the assigned measures to the ASO Manager. If there are issues of contention between ASO and ANL in a functional area, these are to be identified and the issue summarized. These drafts will be compiled into a draft Performance Evaluation and Measurement Plan.
8. The ASO Manager will determine appropriate weighting for the individual performance measures and system assessment measures. Subject Matter Experts will recommend rating weights for measures within a given functional area, if more than one measure within an area is proposed. Input will be sought from ANL as necessary.
9. The ASO Manager will present the draft Performance Evaluation and Measurement Plan to the CEC for review. Subject Matter Experts will address CEC comments, as appropriate.
10. ASO will amend the draft to incorporate CEC feedback, if required, then forward the draft Performance Evaluation and Measurement Plan to the DOE-HQ Office of Science (SC) for review.
11. Upon concurrence from SC, ASO will conduct final negotiations with ANL and the University of Chicago on Appendix B of the prime contract which includes the performance measures and system assessment measures for the upcoming fiscal year. Discussions of key assumptions and issues of contention that will likely occur should be identified.
12. Upon completion of negotiations, the ASO Contracting Officer will execute a contract modification to incorporate the approved Performance Evaluation and Measurement Plan as Appendix B to the Prime Contract.

